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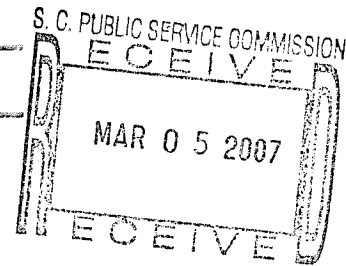
February 28, 2007

Mr. Charles L.A. Terreni  
Chief Clerk/Administrator  
South Carolina Public Service Commission  
101 Executive Center Dr., Suite 100  
Columbia, South Carolina 29210

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PSC SC  
DOCKETING DEPT.



Dear Mr. Terreni:

In compliance with the Public Service Commission's Order No. 18,100 in Docket No. 17,134 dated January 15, 1975; a request from the Executive Director dated September 30, 1987; Order Nos. 88-864 and 88-971 in Docket No. 88-11-E; and the officer verification certification enacted by the Commission on December 17, 2002, Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc. submits the following information per its books and as adjusted for the 12-month period ending December 31, 2006:

1. Officer verification certificate
2. System Rate of Return on Rate Base - Exhibit A1
3. South Carolina Rate of Return on Rate Base - Exhibit A2
4. Return on Common Equity (Allocated to South Carolina Retail) - Exhibit B
5. Earnings Per Share on Progress Energy's Common Stock - \$2.28
6. Debt Coverage Ratio or Earnings to Fixed Charges - 4.25 times

The allocations and adjustments required to determine the information requested in the Commission's orders and request are in general accordance with the allocation methodology described by the Commission in our most recent general rate case (Docket No. 88-11-E, Order No. 88-864). The level of detail encompassed in this report is not sufficient for ratemaking purposes.

Attached is a copy of this report, which I request that you stamp and return to me. If you have any questions, please call me at 919-546-7091.

Sincerely,

Michele de Lyon  
Principal Business Financial Analyst  
Progress Energy Service Company

21450

c: John Flitter

Enclosure

Progress Energy Service Company, LLC  
PO Box 1551  
Raleigh, NC 27602

PROGRESS ENERGY CAROLINAS  
SC QUARTERLY REPORT  
PER BOOKS AND ADJUSTED COS STUDY  
FOR THE TEST YEAR ENDED DECEMBER 31, 2006

SYSTEM TOTAL - ELECTRIC OPERATIONS			
DESCRIPTION	TOTAL PER BOOKS	ADJUSTMENTS	TOTAL WITH ADJUSTMENTS
(1)	(2)	(3)	(4)
	\$	\$	\$
NET OPERATING REVENUE	4,093,028,975	(161,643)	4,092,867,332
OPERATING EXPENSE:			
NET O&M EXPENSES	2,501,070,560	(1,196,435)	2,499,874,125
DEPRECIATION	515,110,164	24,654,417	539,764,581
TAXES (OTHER THAN INCOME)	190,932,011	(412,975)	190,519,036
INCOME TAX - STATE	37,494,216	(8,829,854)	28,664,362
INCOME TAX - FEDERAL	293,738,801	(52,293,304)	241,445,497
PROV. FOR DEFERRED TAXES	(72,553,269)	33,236,815	(39,316,454)
INVESTMENT TAX CREDIT	(5,733,012)	-	(5,733,012)
TOTAL OPERATING EXPENSE	3,460,059,471	(4,841,336)	3,455,218,135
INCOME FOR RETURN:			
OPERATING INCOME	632,969,504	4,679,693	637,649,197
CUSTOMER GROWTH	6,121,450	45,257	6,166,707
INTEREST ON CUST. DEPOSITS	(3,379,730)	-	(3,379,730)
HARRIS DEFERRAL AMORT.	-	-	-
TOTAL INCOME FOR RETURN	635,711,224	4,724,950	640,436,174
RATE BASE:			
PLANT IN SERVICE:			
ELECTRIC PLANT IN SERVICE	14,216,700,307	150,855,367	14,367,555,674
PLANT HELD FOR FUTURE USE	2,423,484	-	2,423,484
RESERVE FOR DEPRECIATION	(7,249,528,079)	72,381,846	(7,177,146,233)
NET PLANT IN SERVICE	6,969,595,712	223,237,213	7,192,832,925
NUCLEAR FUEL INVENTORY	196,077,475	-	196,077,475
DEFERRED TAXES - LIB. DEPR.	(539,653,606)	85,780,910	(453,872,696)
REGULATORY ASSETS	67,179,084	(34,731,012)	32,448,072
WORKING CAPITAL:			
MATERIALS & SUPPLIES	840,460,066	(300,615,472)	539,844,594
CASH WORKING CAPITAL	430,944,540	-	430,944,540
UNCLAIMED REFUNDS	(7,575)	-	(7,575)
PREPAYMENTS	5,043,701	-	5,043,701
TAX ACCRUALS	(118,429,403)	-	(118,429,403)
CUSTOMER DEPOSITS	(59,414,415)	-	(59,414,415)
OPERATING RESERVES	(611,283,874)	-	(611,283,874)
CUSTOMER ADVANCES FOR CONSTR.	(18,567,319)	-	(18,567,319)
UNAMORTIZED PROJECTS	-	-	-
TOTAL WORKING CAPITAL	468,745,721	(300,615,472)	168,130,249
TOTAL RATE BASE	7,161,944,386	(26,328,361)	7,135,616,025
RATE OF RETURN (%)	8.88		8.98

PROGRESS ENERGY CAROLINAS  
SC QUARTERLY REPORT  
PER BOOKS AND ADJUSTED COS STUDY  
FOR THE TEST YEAR ENDED DECEMBER 31, 2006

EXHIBIT A2

S.C. RETAIL TOTAL - ELECTRIC OPERATIONS			
DESCRIPTION	TOTAL PER BOOKS	ADJUSTMENTS	TOTAL WITH ADJUSTMENTS
(1)	(2)	(3)	(4)
	\$	\$	\$
NET OPERATING REVENUE	537,868,794	(10,379,846)	527,488,948
OPERATING EXPENSE:			
NET O&M EXPENSES	371,271,516	(11,078,367)	360,193,149
DEPRECIATION	61,109,689	3,283,031	64,392,720
TAXES (OTHER THAN INCOME)	19,849,483	146,597	19,996,080
INCOME TAX - STATE	6,198,505	(1,846,110)	4,352,395
INCOME TAX - FEDERAL	24,685,154	(9,147,225)	15,537,929
PROV. FOR DEFERRED TAXES	(16,238,196)	14,347,150	(1,891,046)
INVESTMENT TAX CREDIT	(818,521)	-	(818,521)
TOTAL OPERATING EXPENSE	466,057,630	(4,294,925)	461,762,705
INCOME FOR RETURN:			
OPERATING INCOME	71,811,164	(6,084,921)	65,726,243
CUSTOMER GROWTH	116,062	(9,835)	106,227
INTEREST ON CUST. DEPOSITS	(310,537)	-	(310,537)
HARRIS DEFERRAL AMORT.	-	-	-
TOTAL INCOME FOR RETURN	71,616,689	(6,094,756)	65,521,933
RATE BASE:			
PLANT IN SERVICE:			
ELECTRIC PLANT IN SERVICE	2,053,329,618	21,727,828	2,075,057,446
PLANT HELD FOR FUTURE USE	349,056	-	349,056
RESERVE FOR DEPRECIATION	(1,043,444,695)	10,227,027	(1,033,217,668)
NET PLANT IN SERVICE	1,010,233,979	31,954,855	1,042,188,834
NUCLEAR FUEL INVENTORY	28,284,067	-	28,284,067
DEFERRED TAXES - LIB. DEPR.	(105,154,626)	5,443,948	(99,710,678)
REGULATORY ASSETS	13,344,381	(5,002,338)	8,342,043
WORKING CAPITAL:			
MATERIALS & SUPPLIES	106,829,600	(27,419,789)	79,409,811
CASH WORKING CAPITAL	64,671,986	-	64,671,986
UNCLAIMED REFUNDS	-	-	-
PREPAYMENTS	825,397	-	825,397
TAX ACCRUALS	(14,396,441)	-	(14,396,441)
CUSTOMER DEPOSITS	(10,248,528)	-	(10,248,528)
OPERATING RESERVES	(87,126,013)	-	(87,126,013)
CUSTOMER ADVANCES FOR CONSTR.	(2,472,212)	-	(2,472,212)
UNAMORTIZED PROJECTS	-	-	-
TOTAL WORKING CAPITAL	58,083,789	(27,419,789)	30,664,000
TOTAL RATE BASE	1,004,791,590	4,976,674	1,009,768,264
RATE OF RETURN (%)	7.13		6.49

PROGRESS ENERGY CAROLINAS  
S.C. QUARTERLY REPORT  
S.C. RETAIL - RETURN ON COMMON EQUITY  
FOR THE TEST YEAR ENDED DECEMBER 31, 2006

**"PER BOOKS"**

DESCRIPTION	TOTAL COMPANY CAPITALIZATION		S.C. RETAIL RATE BASE	RATE EARNED	NET OPERATING INCOME
	AMOUNT	RATIO			
	\$	%	\$	%	\$
(1)	(2)	(3)	(4)	(5)	(6)
LONG-TERM DEBT	3,647,769,302	52.13%	523,797,856	5.68%	29,751,718
PREFERRED STOCK	59,333,982	0.85%	8,540,729	6.83%	583,332
COMMON EQUITY	3,289,767,652	47.02%	472,453,006	8.74%	41,281,639
TOTAL CAPITALIZATION	6,996,870,936	100.00%	1,004,791,590		71,616,689

**"ADJUSTED"**

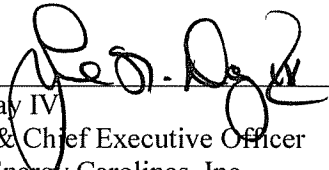
DESCRIPTION	TOTAL COMPANY CAPITALIZATION		S.C. RETAIL RATE BASE	RATE EARNED	NET OPERATING INCOME
	AMOUNT	RATIO			
	\$	%	\$	%	\$
(1)	(2)	(3)	(4)	(5)	(6)
LONG-TERM DEBT	3,578,864,647	52.31%	528,209,779	5.68%	30,002,315
PREFERRED STOCK	59,333,982	0.87%	8,784,984	6.83%	600,014
COMMON EQUITY	3,203,149,044	46.82%	472,773,501	7.39%	34,919,604
TOTAL CAPITALIZATION	6,841,347,673	100.00%	1,009,768,264		65,521,933

CERTIFICATION

(Certification must be signed by the Chief Executive Officer)

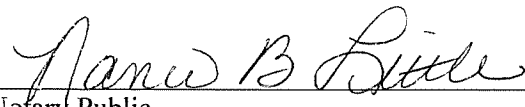
I, Fred N. Day IV, state and attest, under penalty of perjury, that the attached quarterly financial report is filed on behalf of Progress Energy Carolinas, Inc. as required by the Public Service Commission of South Carolina; That I have reviewed said report and, in the exercise of due diligence, have made reasonable inquiry into the accuracy of the information and representations provided therein; and that, to the best of my knowledge, information, and belief, all information contained therein is accurate and true and contains no false, fictitious, fraudulent or misleading statements; that no material information or fact has been knowingly omitted or misstated therein, and that all information contained therein has been prepared and presented in accordance with all applicable South Carolina general statutes, Commission rules and regulations, and applicable Commission Orders. Any violation of this Certification may result in the Commission initiating a formal earnings review proceeding.

The information in this filing is subject to and should be read in conjunction with all filings made by Progress Energy, Inc. with the SEC that contain information related to Progress Energy, Inc.'s and/or Progress Energy Carolinas, Inc.'s 2006 financial results, copies of which can be obtained at <http://www.sec.gov/edgar>.

  
\_\_\_\_\_  
Fred N. Day IV  
President & Chief Executive Officer  
Progress Energy Carolinas, Inc.

2/27/07  
\_\_\_\_\_  
Date Signed

Subscribed and Sworn to before me this 27 day of Feb., 2007.

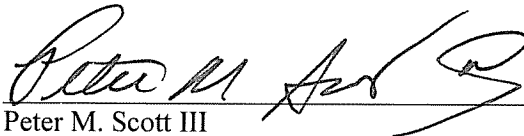
  
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Notary Public  
My Commission Expires: July 1, 2010

# CERTIFICATION

(Certification must be signed by the Chief Financial Officer)

I, Peter M. Scott III, state and attest, under penalty of perjury, that the attached quarterly financial report is filed on behalf of Progress Energy Carolinas, Inc. as required by the Public Service Commission of South Carolina; That I have reviewed said report and, in the exercise of due diligence, have made reasonable inquiry into the accuracy of the information and representations provided therein; and that, to the best of my knowledge, information, and belief, all information contained therein is accurate and true and contains no false, fictitious, fraudulent or misleading statements; that no material information or fact has been knowingly omitted or misstated therein, and that all information contained therein has been prepared and presented in accordance with all applicable South Carolina general statutes, Commission rules and regulations, and applicable Commission Orders. Any violation of this Certification may result in the Commission initiating a formal earnings review proceeding.

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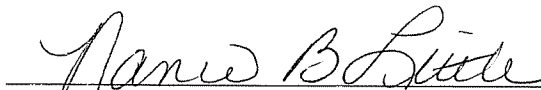


Peter M. Scott III  
Executive Vice President and Chief Financial Officer  
Progress Energy, Inc.

2/26/07

Date Signed

Subscribed and Sworn to before me this 26 day of Feb., 2007.



Notary Public

My Commission Expires: July 1, 2010